bruary 1, 1961

Investor's Reader

For a better understanding of business news

RY RAND SETS FAST PACE FOR INTERNATIONAL SHOE (see page 21)

VALENTINE HARVEST

"Love is a many flavored thing" to the ad writers for Fanny Farmer Candy Shops Inc as they bring forth this portrait of a suitable Valentine gift. The February feast day is one of several seasonal peaks for Fanny Farmer and other candy manufacturers who also do well around Easter and Mother's Day. Christmas however is by far their biggest holiday with December sales accounting for one-fifth of total annual volume.

Despite such sweet periods, the increasingly calorie-conscious public plus lots of competition has added a bitter taste to the candy business in recent years. For Fanny Farmer this has meant relatively static sales and rather nondescript earnings. In the June 1960 year however the company managed a 7% boost in volume to a record $20,300,000 while profits recovered 16% to $525,000 or $1.55 a share, the best since 1956. So far this fiscal year president Leonard D Griffiths reports both sales and earnings continue to improve. Meantime Fanny Farmer stock trades on the Amex around 17, only three points above the postwar low. The alltime high was 66 in 1947.

The sweetener in recent Fanny Farmer earnings can be traced to spruced up manufacturing facilities along with new and improved store locations. Also Fanny Farmer in 1958 departed from its traditional policy of company stores and added franchised distribution. Today it owns more than 400 stores but also sells through 1,300 franchised outlets.

In another departure from tradition, the confectioner is experimenting with frozen pastries and baked goods, which it is currently test marketing in hometown Rochester, NY. Another experiment is designed to take extra advantage of the holiday & special occasions market: sale of cards in its stores.

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Investor's Reader

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ement Makers Hope For Brighter Year

1960 Results Battered By Poor Weather, Lag In Roads and Housing

HERE is a certain air of optimism among the nation's cement kers—if only because they figure 61 is bound to be an improvent over sorely disappointing 60. In any case Wall Street has gun to feel better about the instry. On the average, cement cks which had been falling stead- since the middle of 1959 began to n last October and have enjoyed 16% recovery so far.

Among the most severe sufferers the Depressed Thirties, the cent industry has become accusned to postwar prosperity. All ring the Fifties cement makers gorously expanded and modernd their facilities, at first to take e of heavy postwar construction nands, later in preparation for anticipated boom of the Sixties.

But the past year brought more than its share of woes. It started badly with an almost nationwide epidemic of unseasonable weather which made the normally poor first quarter look even shabbier. As the year progressed, the 18% drop in housing starts added to the cement crumble. Hardest blow of all was the slow pace of the nation's highway program which most cement makers had expected would at last shift into high gear in 1960 (it has been far behind expectations ever since the scheme was launched in 1956). Highway and bridge construction account for a quarter of total industry shipments.

As a result of the lags, cement shipments slipped to an estimated 310,000,000 barrels or 6% below the record 329,000,000 shipped in 1959. With prices weak and costs rising, this resulted in a steep decline in profits for virtually every cement company.

Among the bigger cement com-

panies Lone Star Cement which vies for industry leadership with Denver-based Ideal netted only $1.08 a share in the nine months ended September as against $1.43 the year before on a 7% dip in volume. Ideal profits for the period fell to $1 from $1.23 as volume slipped 8%. Another leader, Universal Atlas, does not release any figures since it is wholly owned by US Steel.

Next in line is Lehigh Portland which managed only $1.44 in the nine months *v* $1.78 as sales declined 7%. General Portland, which moved into the No 4 slot among publicly held companies when it merged Consolidated Cement in May 1959, saw nine-month profits fall to $1.50 from $1.76.

As for the smaller producers Alpha Portland Cement suffered a 21% decline in net income to $3,630,000 or $2.05 a share as sales fell 7%. Penn-Dixie earnings came to only $1.77 in the nine months, down from $2.26 in the 1959 period.

Though full year figures are not yet available the picture is not much better. Lone Star profits are estimated around $1.40 a share, down from the $1.84 netted in 1959. Ideal net is figured around $1.25-to-$1.30 a share as against the 1959 score of $1.55. Lehigh is expected to net $1.85, down from $2.24, General around $2 as against $2.27 in 1959, Alpha $2.50 *v* $3.06. Penn-Dixie is expected to earn $2.15-to $2.25 a share *v* $2.85.

As if the mere fact of lousy business and lousier weather were not enough, cement makers during the year were hit by a legal one-two punch. It all dealt with percentage depletion, the tax write-off allowed to extractors of minerals and other "wasting assets" to make up for the fact their properties are being exhausted. In the case of cement the permitted depletion deduction is 15% of the value of the mineral. The big argument concerns at what stage to assess the value since naturally finished cement is worth far more than the raw shale and lime.

The Dragon Ruling

In 1957 the First Circuit Court of Appeals ruled Dragon Cement (now part of American Marietta) could use the value of its finished product to figure depletion. The ruling stood when later that year the Supreme Court refused to review. Dragon had argued that its raw material (cement rock, used mostly by cement makers in the Lehigh Valley) was of no use to anyone unless & until turned into cement. But the Dragon decision was soon hailed—and employed—by cement makers depending on more readily usable raw materials and indeed by processors of sundry other minerals. This naturally cemented the determination of Internal Revenue and many Congressmen to slay or at least quench the fire of the Dragon doctrine.

Meantime most cement makers took the higher depletion allowance on their 1957-59 returns and thus boosted their reported earnings. They also used the Dragon basis to sue for tax refunds for 1951-56 when they had calculated on a kiln feed basis (the value of the material as it is tossed into the kiln).

Then late last Spring the Supreme urt in the Cannelton Sewer Pipe e virtually reversed the Dragon ctrine. While the specific ruling olved a miner of fire clay and le, it established the raw material ue as the basis for percentage oletion.

As far as the future of cement de- tion allowances was concerned, Cannelton decision was rather demic. Only a few days later ngress completed passage of a which established the kiln-feed thod as the official valuation nt for cement starting the first this year.

But Cannelton did raise a specter or the years 1951-60 which were l under dispute, the Court might just disallow the finished product uation but actually impose a raw- k basis and thus make the com- nies pay more rather than less on ir back taxes.

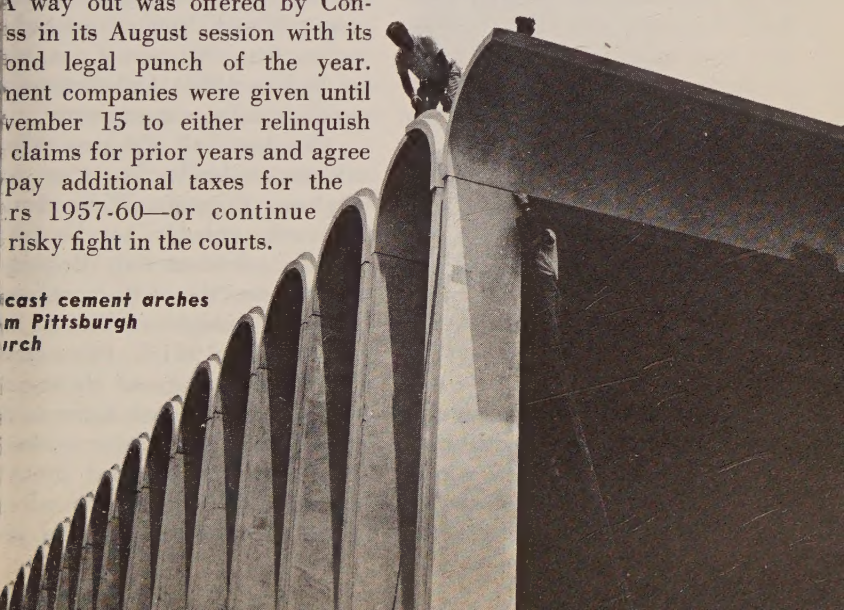
A way out was offered by Con- ss in its August session with its ond legal punch of the year. nent companies were given until vember 15 to either relinquish claims for prior years and agree pay additional taxes for the rs 1957-60—or continue risky fight in the courts.

One by one the major producers decided to give up as the deadline arrived. As Penn-Dixie president Bart W Druckenmiller stated: "The outlook for success appeared to be extremely uncertain."

The extra tax loads imposed were not light. Lone Star's liability came to almost $15,000,000, Ideal's to almost $13,000,000. Lehigh owes an estimated $10,000,000, Penn-Dixie $7,600,000, Alpha $4,500,000. Most of the cement companies had no reserves for the back taxes (plus interest) due.

The result was a big industry borrowing surge. Ideal arranged a $15,000,000 bank loan of which $12,800,000 will go for taxes & interest; the rest will add more working capital.

Likewise Lehigh has negotiated a bank loan to help meet its tax deficiency while Medusa Portland has drawn down $2,000,000 of a $7,-



cast cement arches m Pittsburgh irch

000,000 revolving credit arrangement.

Several companies also cut their dividends or curtailed year-end extras. Alpha paid only 15¢ in December v the previous quarterly of 45¢. But the sharp slash was to "get the company on a $1.50 annual basis." Alpha also dispensed with the 25¢ extra which was paid at the end of 1959. Lone Star cut a nickel off the December dividend, lowering it to 25¢. Penn-Dixie directors failed to duplicate the 20¢ extra paid in 1959. Keystone Portland Cement which had paid 50¢ in previous quarters declared 40¢ at the November meeting. Vice president and treasurer CH Pettus Jr noted "the reduction is due to reduced earnings brought about by the US Supreme Court ruling on depletion that in effect reduced earnings by 20%."

Cost In Profits

Other companies have been similarly hit. Save for General Portland, Marquette and Missouri Portland (see page 15), all the major producers had reported to stockholders on the Dragon depletion basis. Under the new ruling Lone Star profits for 1959 were cut back to $1.84 from the previously reported $2.20. Ideal net for the same year has been revised to $1.55 from $1.84. Lehigh earned $2.24 instead of $2.83 on the new basis; Alpha $3.06 instead of $3.96; Penn-Dixie $2.85 rather than $3.42.

As might be expected cement company equities were among the hardest hit in the shaky 1960 market. But by the time news of the tax development was absorbed, they seemed about ready to end their 17 month decline. In the recovery since they have in many cases come surprisingly close to their 1960-6 highs (of course this is 20% below the 1959 top). To be specific General at 39 is only two points from the year's high, seven points above the bottom. Penn-Dixie traded around its high of 31 and seven points above the low. Ideal now sells around 28 v a low of 22. A 30, Alpha is up seven from its low though still a half dozen points below the year's high.

One exception is Lone Star Cement which currently sells at 2 nearer its low of 19 than its 196 high of 30 (not to mention the of 1959). Lone Star had an unusually large tax bill to foot as well as problems in getting the dividen from its six Latin American plant A 2,500,000-barrel facility in Cu has been seized by the government

One reason for the market recovery stems from a general optimism that 1961 cannot possibly as bad as 1960. And first quart weather so far is much better.

Also last Fall Congress allott additional funds for this yea Highway Program. While their fect will probably not be felt Spring, president Cris Dobbins Ideal notes "they will increase considerably usage of cement [f roads] in 1961." Penn-Dixie Druckenmiller agrees. He also fe things will be "much better in 19 and 1963." The longer outlook echoed and emphasized by Alp president Robert S Gerstell w notes "it will be a couple of yea

fore the industry gets the full ben-
ts from the increased highway nstruction.

The recent pick up in contract ards for heavy construction also des well for the cement industry. d while industrial plants mean re to cement than homes, leaders pect housing to improve over the 40,000 starts for 1960.

Shipments Figured Up

For these reasons most cement ders look for a comfortable gain shipments over last year. Bob rstell figures on a 5% increase volume for the industry in 1961. But in profits Bart Druckenmiller an't paint as rosy a picture." ddled with the expansion built the boom of the Sixties, the in-stry already has about 100,000,- 0 more barrels of capacity than actually needs. And more capacity on the way. Ideal is building a 00,000-barrel plant at Wilming-, NC. Penn-Dixie, General Port-d and Lone Star also plan expan-ns.

Competition is keen and few ce increases are in sight. There ve been a few boosts, mostly in-d, but as Cris Dobbins remarks, verproduction in many areas such Southern California provides a y spotty picture with dim pros-cts for any price increases at least til after the middle of the year." other damper is in many areas mpetition has forced the cement kers to quote prices for a year at ime as against the more normal arterly basis. Thus any cost in-eases during the year must be ab-rbed by the producer.

Cement makers bank on roads

One big cost factor is a new labor contract due in May. Two years ago the industry signed a pact which provided an annual "package" worth 14-to-15¢ a year. They will try to get away with considerably less this year.

AMUSEMENTS

Tender is the Night

FEATURED on the Warner Brothers Pictures stockholders' screen in January was a request to tender stock to the company at prices not to exceed $55 a share. This is one of several such moves by movie companies to buy back their own stock. Metro-Goldwyn-Mayer and Paramount have been doing so in the open market rather than by the more formal method of asking tenders. Twentieth Century-Fox is considering asking tenders after it collects from Webb & Knapp for the sale of its studio property.

Apparently behind these steps is an important movie problem—fewer pictures produced require less sizable capitalization.

One dissenter is Columbia Pictures Corp. At its recent annual meeting a shareholder noted the stock repurchase trend and asked whether Columbia was instead diluting its stock by handing out shares "like confetti." President Abraham Schneider replied it is not and added stock options are a key tool for holding top notch executives.

OIL

Preferred Tide

CONVERSION of certain preferred stocks or debentures into common stock is a frequent occurrence. But the reverse—an opportunity to turn in common and receive preferred—is extremely unusual.

Thus even Wall Street oldtimers could not come up with a parallel to the just-concluded offer by Tidewater Oil to let stockholders exchange common stock into preferred—except for a virtually similar offer by Tidewater six years earlier.

The story started in early 1954 when directors of Tidewater—a company controlled by the "Getty Group" headed by oil billionaire J Paul Getty—decided a "comprehensive coordinated program of expansion and modernization" was required "with the result that the amount of cash available for dividends will be greatly reduced." Hence, no more cash dividends starting April 1954. However the company announced plans for an annual 5% stock distribution.

For the benefit of stockholders who wanted a cash return, Tidewater late in 1954 offered them a chance to receive a share of new $1.20 cumulative preferred for each share of common. Of the 6,300,000 shares eligible (the Getty Group's 53% were not), almost 2,500,000 accepted the switch into preferred.

Then late last year Tidewater (now 65% Getty-controlled) decided its modernization and expansion program would still require lots of cash so "it is expected cash dividends will not be renewed for at least five years." Furthermore the company decided it had by now all the common stock outstanding (14,507,000 shares as of September 30) which its size justified. Hence the annual stock dividends would be dropped too.

gain this change in policy was
ompanied by an offer to turn
mon into the $1.20 preferred
again on a share-for-share basis.
limit: while there were 5,035,-
non-Getty common shares out-
ding, only a maximum of
4,000 would be accepted for
ange. But there was no need to
ry about this restriction. This
a mere 750,000 shares were
ed in.

BLISHING

McCall Revamps Magazines, Expands Other Operations In Hope of Brighter Future

OGETHERNESS has parted from *McCall's* in both a literal and ary sense. The saccharine motto given way to "First Magazine Women." Moreover the execu- echelon at McCall Corp has altered considerably beginning appointment of three-time Gov- or of Washington Arthur B Lang- s president in January 1957.

ess than two years after Gov- or Langlie became top man, both ors and much of the staff of *Call's* and sister publication *Red-k* resigned. *Redbook* filled the by promoting from within. *Mc-'s* hired long-time *Good House-ing* editor Herbert R Mayes , Feb 4, 1959). In October 1959 ard Miller of *Life* became the publisher of *McCall's*. The most nt arrival at the company's Park nue offices is 48-year-old Frank man Beane who became finan- vice president three months ago. usta-born and Yale-educated nk Beane left the presidency of Underwood Corp over a year ago after engineering Underwood's take-over by Olivetti of Italy.

The most notable feat of the new group has been the revamping of *McCall's* magazine. Although circulation was inching ahead, advertising lineage had slipped badly. But when Herbert Mayes was given free rein the magazine began to take on a new look.

Editor Mayes explains: "What we did was to give our audience a bigger & better package." *McCall's* editorial lineage (all content except advertising) increased 20% in 1960 with a 38% jump in advertising. The magazine has added Clare Booth Luce to its columnists, plans several condensed novels this year by writers Irwin Shaw, John Steinbeck and Herman Wouk.

Herbert Mayes has also emphasized the magazine's visual appeal. Much of its art work and advertising is now done in four-color, full-page "bleed" (no margin) spreads. For innovation the January issue has two covers, one is the usual version with a picture plus lots of "what's inside" headlines, the other all print. "They both are selling so fast," reports peppery editor Mayes, "we can't tell which one is doing better."

While "revving" the content, *McCall's* has given its advertisers what competitors consider price cuts. Publisher Miller relates: "A year and a half ago we eliminated the charges [5-to-10% above the basic price] for bleeding ads. We were able to do this by mechanical change in our printing plant which required mostly ingenuity, not money." *Mc-*

The proof is in McCall's kitchen

Call's has also cut the premium for four-color ads to 20% above the basic black & white price compared to 40-to-50% greater charges by most magazines.

Herb Mayes justifies the changes: "There is no statistic like the box office." Circulation-wise for the first time *McCall's* is running "nip & tuck" with the *Ladies Home Journal* (Curtis) and far ahead of *Good Housekeeping* (Hearst). Both *McCall's* and *Ladies Home Journal* began 1961 with a 6,500,000 circulation rate base guaranteed to advertisers.

More importantly last year *McCall's* took over the top ad revenue position in what is known as women's service magazines. Ad sales climbed 56% to $31,600,000. And with the July issue *McCall's* will raise its circulation base to 6,700,000 with a corresponding 8% ad rate increase.

Redbook, touted as "the magazine for young adults," has also been gaining in its "not as competitive field." Its current 3,350,000 circulation base is up from 2,700,000 i January 1959. And "moving again the trends of a soft first quarter *Re book* advertising lineage has increa ed 20% while *McCall's* is 4-to-5 ahead."

The two magazines contribut about half of McCall Corp's es mated 1960 revenues of $90,000,00 But while Editor Mayes modest credits "me" as chief factor in t *McCall's* upturn, it has also co plenty.

Vice president Beane refuses break down figures. He only say "The amounts invested in the ma azine have been very substantial. can't say whether *McCall's* and *Re book* are now profitable but I ca say they have been improved wi no deterioration on corporate r sults." He allows: "There is not y a satisfactory relationship betwe investment and profits but it w begin to mount fast in the early Si ties."

On a 21% increase in total sa last year Frank Beane hopes pr its per share showed "a small i

ovement over 1959 in spite of the ⁄₀ stock dividend" paid in Decem- r. In 1959 McCall earned $1,250,- 0 or $1.88 a share.

Presently "the bulk of profits" d one-third of sales come from the mmercial printing division in ayton which in addition to McCall rp's own magazines prints 45 her publications including *Read- s Digest, Newsweek* and *US News World Report.* In 1960 a record e billion magazines rolled off the ayton presses. The plant is cur- ntly being expanded by 188,000 uare feet. The extra space will commodate "our paper supply hich was previously stored outside great expense," also three new gh-speed, five-color presses.

Patterns In Black

McCall's pattern and fashion pub- ations division "in the red four five years ago is definitely in the ack now." The division yields out one-sixth of McCall sales, is a ass volume, high overhead busi- ss," consequently profit margins e small. McCall patterns sell in the ¢-to-$1 range and have one-fourth e total market. Leader Simplicity hose prices now average just about lf a cent under ours" has half and s managed to increase its profit argins to a chunky 8-to-9%. The mainder is divided among Ad- nce, Butterick and Vogue.

New McCall ventures include naking some capacity at our Stam- rd photo engraving plant available outsiders." And in August McCall nounced plans to enter the book blishing industry, a recent Wall reet speculative favorite. But "so far we have made no concrete plans."

Some industry observers however warn it is usually a big and costly process to get well established in book publishing. The acquisition route could provide a quicker entry but most small publishers command a steep price these days.

Book publishing hopes are perhaps one reason McCall stock on the Big Board is selling only four points below its 1960 high of 42. This is still down from 71 posted during the magazine heyday of the mid-Forties but a good jump over the 1951-59 range of 12-to-31.

Another reason for the stock action is a limited floating supply. Of the 668,000 shares outstanding, Norton Simon's conglomerate Hunt Foods owns 43%, up from under 10% in 1955. Understandably, financier Simon who brought in Governor Langlie exercises considerable influence on McCall. Relates Frank Beane: "He has great personal convictions about the strength of the company."

NATIONAL ECONOMY
Good Credit Risk

BUSINESS was not particularly good in 1960 but evidently the business of checking how businessmen were doing did fine. Famous credit reporter Dun & Bradstreet Inc last week announced record net income of $6,265,000 or $1.66 a share for 1960 as against the 1959 net of $1.49 a share (adjusted for last December's 2-for-1 split). At the same time directors voted a 25¢ dividend on the new shares, up 11% from the pre-split quarterly rate.

A Stock Market Tale of Two Cities

London, Paris Exchanges Keep Rich Traditions But Seek Wider Audience

TWO STOPS the investment-minded tourist should include in a European trip are the London Stock Exchange and Paris Bourse. And if he has not already done so, he should see the New York and American Stock Exchanges before he departs.

On his way to the London Stock Exchange the visitor enters an area like downtown Manhattan with narrow and winding streets. One big difference is some really old buildings such as the 17th Century Royal Exchange (now largely a museum), the Mansion House (home of the Lord Mayor of London), the Bank of England and many Christopher Wren churches. Also different: the lack of skyscrapers (though a few are being built).

This area is the old City of London, a self-governing county within Greater London. It stretches 677 acres and is presided over by the Lord Mayor, 25 aldermen and 206 common councilmen. The City's officials still have great influence because of the area's financial importance.

The London Exchange lacks the dramatic facade of its New York or Paris counterparts. The entrance is on Throgmorton Street which is quite narrow. Another entrance on Capel Court leads into the original section of the Exchange built in 1802 and now the locale of the "gilt-edged" (top investment grade) section of the market. This area was rebuilt in 1853 and is due for another extensive rebuilding in the near future. The rest of the building dates mainly from 1885.

In the visitors' gallery the sightseer who has been to the New York Big Board will feel right at home. There are attractive young ladies acting as Stock Exchange guides. There is an exhibit area in the gallery plus a little theater for the showing of the Exchange's documentary picture *My Word is My Bond* (the translation of the Exchange's motto *Dictum Meum Pactum*). One difference prevails: the gallery itself is glassed in.

Big Board Resemblance

Down on the floor of the "House," as the London Exchange is called, the first casual glance recalls the activity, the noise and the vastness of the Big Board. But instead of horseshoe-shaped trading booths activity centers around the actual pillars of the building or in cubby-holes along the walls. Neither are referred to as posts, but as "pitches."

Camped at their pitches are the jobbers, the men who carry stocks and bonds in inventory and stand ready to buy or sell them to the brokers, who comprise the other category of Exchange members. Many of them still wear the traditional top hat. Unlike the US exchanges, where there is only one or at most two specialist firms in any one stock, the London Exchange has up to 15 in the industrial market.

Another difference is that th

London brokers and jobbers at their pitches

ber has no obligation to protect investing public during sharp ngs in the market, whereas the specialist is sworn to do this buying or selling for his own ount.

When a London broker receives order from a client he is charged h the duty of trying several jobs until he finds the best price. doing so he does not indicate ether he intends to buy or sell; jobber gives him a quotation of many shillings and pence bid l offered. Once the deal is made bally it is recorded in the notebks of the broker and jobber. formal documents are signed. e Exchange's "my word is my id" governs the steps toward the sical transfer.

Communications on the London change are quite different from methods. Seated strategically und the floor wearing blue & red uniforms are Stock Exchange "waiters" (from their coffee house origins) who operate boards with illuminated figures to call brokers and jobbers or actually call them aloud. Most have voices like a sergeant-major. They know all members and clerks by sight and if a stranger should wander in, the waiters shout "Fourteen Hundred"—a cry which originated when there were 1,399 members. There are now 3,500.

The brokers receive orders from their offices by phone and call back the completed transaction. The offices are located in the City and no firm is allowed to have a branch. Investors from all over the world who want to deal on the London Exchange either wire or phone their London brokers or deal through banks. Many Englishmen prefer to deal through "country" stock exchanges such as Birmingham, Liver-

pool, Manchester, Bristol and Glasgow; all of these maintain close associations with London and trade in many of the same stocks.

One of the biggest differences between the London and US exchanges is the absence of an official ticker. Brokerage firms maintain chalk boards in the board rooms for keeping their customers up-to-date and quotes are available from brokers by phone. Some firms run tapes which record the latest price movements and some brokers have installed closed-circuit TV focused on their board. However the chalk or electronic boards in almost all US brokerage offices are not available in London. The next day price movements appear in the Stock Exchange Official List or in the newspapers. However this not a complete register of transactions since it is up to the dealing parties whether they want to report a trade.

Floor space and population are larger on the floor of the London Exchange than on the Big Board (three-quarters of an acre *v* about half and 3,500 *v* 2,000), and many more securities are traded there—around 10,000 *v* the 1,500 stock and 1,180 bond issues on the NYSE. Just the same actual volume of trading is considerably less than in New York though lack of public volume figures for London make accurate comparisons impossible. One factor: it is easy to trade through a broker in listed securities when the London Exchange is closed.

Another block to larger volume is the transfer system of the London Exchange—it sometimes takes months to transfer securities from one name to another. This system is now under review and may be radically changed.

In London there is a budding interest in the small investor. While London Exchange member firms may not advertise, new customers may be accepted by personal introduction and recommendation. The Exchange offers a list (changed each month) of 16 member firms who for that period will accept inquiries from the general public. The number of public requests for these lists has risen from 135 in 194[illegible] to nearly 4,000 in 1960 but the overall number is still small compared with the increase in new investors in the US (now 12,490,000 up 45% since 1956). The London visitors' gallery established in 195[illegible] is testimony to the increased interest in the small investor. Over half a million people have visited it since its opening.

The Paris Bourse

At the Paris Bourse there is no organized plan for accommodating visitors—but unlike the London or any US exchange, a visitor (male only) may walk right onto the floor. It helps if he has a guide. Moreover he will do well to be alert as he walks, for the crush on the floor can be a physical hazard.

Trading hours are from 12:30 to 2:30, far shorter than either the London or New York Exchanges. Orders are taken all through the morning for execution during trading hours. The Bourse is actually two main markets (and a third minor one) under one roof. Th

incipal one is run by the Agents Change. There are only 68 of em; they have official government anding and act as intermediaries r clients whose names they never veal.

The other chief market is run by e Courtiers de Valeur. They are en fewer in number than the gents—just 48. They have a mon- poly in trading all stocks other an those on the official market. ney are in charge also of the ird market, the Hors-Cote which andles inactive stocks.

How They Operate

The two major markets approx- nate those of the Big Board and e Amex. The Agents de Change andle the bigger and more sea- ned issues, the Courtiers the less asoned and smaller issues. There e about 850 securities on the gents' list and 750 on the Cour- ers'.

There are no specialists or job- ers on the Paris Bourse; stead the brokers merely owd around a ring and ream or bellow their or- ers. In a procedure prac- ced in the early days of e New York Exchange nd still current in some S commodity markets, is is a pure auction mar- et with each issue taken p in turn. The Agents de hange themselves trade e blue chip issues at the orbeille ("basket") while eir representatives trade ther issues of the Agents' st at horseshoe-shaped rings (see picture). One bizarre fea- ture: there is nothing to stop a client from looking over his broker's shoulder while the trade is made.

The Bourse is housed in a hand- some old pillared building front- ing on a broad open square. It was built on orders of Napoleon I and finally completed in 1825. The Agents de Change were formed in that year and since then have guaranteed every deal they make. Since 1898 the Agents have had to contribute to a common fund which has helped clients and brokers weather times of financial crisis.

Like the London Exchange, vol- ume is smaller than in the US and stock transfers present problems. There are stirrings to improve the transfer system. And there are signs of increased interest on the part of the Bourse to put its story before the public. Among other things it has issued an attractive 24-page booklet in English about its operations.

Representatives trade at Paris Bourse

New Connections For Burndy Corp

Electrical Supplier Bids For Expanding Market, Bows on Big Board

ONE OF the standards for listing on the New York Stock Exchange is earnings of $1,000,000 or more a year. In both the June 1956 and 1957 years, electrical connector specialist Burndy Corp of Norwalk, Conn reached that mark. But its profits shorted to little better than a half million in fiscal 1958 and were just under a million in 1959 (calendar year by then). Last year Burndy passed the hurdle once again. It earned $1,300,000 on record sales of $36,000,000 and promptly hooked up with the Big Board. The 1,200,000 shares began trading two weeks ago with the first sale under the BDC symbol at 27½.

The company was founded in 1924 by present chairman Bern Dibner who still controls 23% of the stock. Another 12% is held by 59-year-old president Marvin Lee who has also been with Burndy since 1924. The company went public in 1956, now has 4,500 outside stockholders.

Accelerated Growth

Growth for Burndy was very gradual in early years but speeded up sharply in the past decade. Sales rose from $6,700,000 in 1950 to $15,000,000 in 1955 and twice that in 1959. Sparking this rise has been Burndy's leadership in the development of so-called solderless connectors—devices which grip conductors mechanically through such means as plugs & sockets, thermo-welding and pins pneumatically crimped on wire (around 10% of Burndy's business is in installation tools). Says Bern Dibner: "Mechanical connections are cheaper, safer and more reliable than the older soldered type."

"Most important from our point of view," adds 50-year-old-executive vp Julian Rogoff, "is a growing conversion to solderless connectors in the electrical and electronic manufacturing industries." He estimates about half of today's $350,000,000 connector market is solderless.

Burndy products are made by two divisions. The Utility-Industrial division items include cast copper and aluminum connectors. Half the division's output goes to utilities, the other half to heavy industry and electrical contractors.

The other division is Omaton, formed in 1956, which has "become increasingly oriented towards electronics." It supplies connectors to manufacturers of electrical and electronic equipment from appliances to aircraft. Omaton is the faster growing division, currently produces 60% of sales *v* 40% two years ago.

Volume of both divisions has been sparked by new additions. Burndy acquired H H Buggie of Toledo in 1959 and Husky Products of Cincinnati last June. Now part of Omaton, the Buggie line includes a variety of rather small connectors for the electronics industry. By contrast Husky's appropriately labeled heavier products are aluminum and steel trays for supporting power & control

les in utility and industrial nts.

n spite of these purchases, execu- vp Rogoff declares "by far the atest part of recent expansion has n due to internal development new products. Of the $29,000,000 nestic sales volume in 1960 [ex-ding Buggie and Husky] more n one-third were sales of prod-s not in existence in 1956."

Burndy has also traveled over the der. It began Canadian opera-ns with a licensing agreement in Twenties, then later formed whol-owned Burndy Canada Ltd which ay tallies approximately 9% of nsolidated sales. Burndy opened first overseas distribution branch Antwerp in 1958 which serves stern Europe. It has just com-ted a plant at Malines, Belgium its first wholly owned foreign nufacturing unit. Burndy already joint manufacturing operations h local firms in Britain, France d Mexico.

In this current year Burndy efs are projecting a volume in-ease of "slightly over 10%" and greater increase in earnings. rankly," declares president Lee, e don't consider our present profit rgins of 3.6% satisfactory."

Looking further ahead president e discloses: "We accept as our esent challenge reaching sales of 00,000,000 annually in the fore-eable future * * * certainly within decade. We can readily see a tential volume for electrical and ctronic connectors approaching lf a billion and we think we can l 20% or more of that market."

CEMENT

Missouri Portland Benefits From New Plants And Good Location

FOR A medium-sized ($35,000,000 assets) producer whose 8,000,000-barrel-a-year capacity ranks it about 16th in the industry, the Missouri Portland Cement Company enjoys an enviable marketing position. Its two plants are right in the two major metropolitan centers of its home state—St Louis and Kansas City.

In addition Missouri Portland has access via cheap water transport to a third major urban market in Memphis. A sizable distribution center there is serviced by the company's own 21-barge fleet. The barges also supply individual contractors on major construction projects along the 400-mile course of the Mississippi between the St Louis and Memphis facilities.

With its favorable location, Mis-

Missouri's Alexander

souri Portland has been able to keep fairly busy. Last year output came to 6,300,000 barrels. While down from the 6,700,000 barrels produced the year before, the 1960 operation was at "about 75% of capacity" or somewhat better than the industry average.

Further enhancement of the Missouri Portland picture comes from the company's 90%-new production facilities. Since War II it has spent $38,000,000 for plant modernization and increased capacity. At headquarters in midtown St Louis ten miles from the plant, youthful president Moss Alexander comments: "We are an efficient producer with profit margins a little ahead of the industry average." In 1959 on sales of $22,500,000 MRP (Big Board ticker symbol) earned a record $5,010,000 or $3.16 a share.

Yearend Score

For 1960 president Alexander notes: "With a lousy first half—we had extremely bad weather in the first quarter and a three-month strike of construction workers at Kansas City in the second—full-year sales were down somewhat from 1959 to around $20,400,000." But he adds: "Third and fourth quarter earnings more than equal the $1.71 earned in the last half of 1959." For all of 1960 profits "amounted to $2.67 a share."

This is after adjustments equal to 8¢ a share because of $310,800 interest charges on extra taxes due for 1957-59. Like everyone else (see page 1), Missouri Portland took the favorable depletion charge-off which seemed permissible under the Dragon decision and thus paid less taxes for the three-year period. But unlike virtually all its colleagues, it set the extra $3,318,000 taxes aside in Government securities. Consequently, when the cement companies found themselves forced to submit to the higher tax assessment, Missouri Portland had the cash all ready and had to dip into current funds only for the 6% interest which accrued during the dispute; many other cement makers were forced to borrow and slash dividends to meet the assessment.

Furthermore, Missouri Portland reports to stockholders already showed 1957-59 income after deducting the reserve set aside for possible extra taxes. Most other companies took the more optimistic tax view and have consequently been forced to revise their earlier earnings reports downward.

Missouri Portland's favorable accounting position has likely helped the 1,500,000 MRP common shares which currently trade only three points below the 1960-61 high of 3[illegible] though well below the alltime peak of 48 in 1959. Well-covered dividends have been maintained at 40¢ quarterly, following a 7% hike when the stock was split 2-for-1 in the Summer of 1959.

Looking ahead into 1961 president Alexander says: "Our first quarter is always poor due to winter weather but this year it should certainly be better than the 9¢ earned in the first quarter of 1960." He is confident "1961 will be a better construction year and 1962 perhaps even a better one."

Also bolstering Moss Alexander's ptimism for 1961 is the company's duced capital expenditure budget. ompared with $2,500,000 in 1960 RP will spend only $1,000,000 this ear to update remaining outdated cilities and provide additional hops, storerooms and a new truckg station. At the present time no ajor expenditures are scheduled r 1962.

As to increasing capacity Moss lexander states: "Whenever the arket demands it, we'll increase ur capacity but the immediate fuire is uncertain."

MRP's chief customers are ready-mix" concrete suppliers, conrete products makers, building marials dealers and building and ighway contractors. The company upplies standard portland cement, igh-early-strength portland (which ets quickly) and air entraining ement (particularly resistant to eezing and thawing damage). It lso makes masonry cement but this omes to less than 5% of total comany volume.

Nearby Sources

The limestone and shale for MRP ement is quarried only seven miles om the company's main St Louis lant and at the Kansas City plant ite. President Alexander notes: Limestone reserves are more than dequate to meet the demands of all ur facilities." MRP limestone and hale reserves are considered sufcient for 50 years but Moss Alexnder comments: "We're always rospecting for stone which has the ight location, quality and accessiility."

Prospector Alexander is also "open-minded" about growth through merger and diversification. Says he: "The major cement markets are pretty well filled and the most direct way to move into an area is in this manner."

FOODS

National Dairy Expands Its Menu for Growing Market In US, Canada, Abroad

WHEN National Dairy Products Corp was born in 1923 through the marriage of ice cream makers Hydrox Corp of Chicago and Rieck-McJunkin Dairy of Pittsburgh, 112,000,000 Americans ate about $16 billion worth of food a year. Regardless of highs or lows in the national economy, a steadily growing population continued to enlarge its collective appetite. And except for deep Depression, the populace has steadily upgraded its food tastes. Today 182,000,000 Americans enjoy eating. And most eat well. This year's food tab will run around $76 billion.

To serve a growing national market, National Dairy added many new dishes to its original milk and ice cream menu through internal and external expansion. The biggest merger was with cheesemaker Kraft in 1930 but a number of smaller food companies were acquired before and after. In addition, National Dairy entered the industrial chemicals and edible oil refining fields when it picked up the Humko Company of Memphis in 1952. Glass container manufacturer Metro Glass, acquired in 1956,

now supplies many members of the "ND" clan as well as independent companies.

As grade A evidence of its belief that "operating advantages result from plant expansion and modernization," ambitious ND has also accomplished plenty of internal growth. It has invested over $400,000,000 in new and improved facilities during the past decade. Last year brought a record budget of $60,000,000 and the 1961 capital outlays are placed almost as high with more than $59,000,000 slated to go into further domestic and foreign expansion.

The present day importance of capital investment is summed up by chairman-chieftain Edward Ellsworth Stewart who said: "Throughout our operations we are accelerating our efforts to combat rising costs * * * this, together with the operating advantages resulting from plant expansion and modernization should be helpful in offsetting increased costs."

Foreign Proponent

President J Huber Wetenhall who moved up to his present position not quite two years ago (IR, May 13, 1959) is a strong proponent of increased foreign operations. "Overseas subsidiaries are an important part of our business and they are making most effective use of the facilities which National Dairy has provided during recent years." Case in point: foreign sales from Kraft Foods, its sole worldwide operation, topped $100,000,000 for the first time in 1959. Adds president Wetenhall: "We are in a good position to take advantage of the opportunities of the coming decade as population of [foreign] countries where we now operate totals close to 300,000,000 people."

While Kraft had an international toehold before joining ND, the parent company recently made its first move to enter a milk and ice cream market outside the US. And this one was just across the border in Canada. Early last month it announced holders of over 80% of Dominion Dairies Ltd common and preferred had accepted ND's stock & cash offer for the $10,000,000-assets leading milk, ice cream and dairy products processor in the Montreal and Toronto areas.

ND thinks it "too early" to discuss possible expansion of the milk business into more distant lands but it continues to enlarge its Kraft operations. During the past year it expanded plants in Montreal, Britain, Germany and Australia. Kraft also added to its Mexican operation, built a new plant in Venezuela and opened several new foreign sales branches. One active Kraft location is Australia. In 1959 National Dairy exchanged some of its own shares to Australians for most of the remaining shares of controlled subsidiary, Kraft Holdings Ltd. National Dairy thereby became the first US company to be listed on the Melbourne Stock Exchange. The 14,000,000 ND shares are of course also veteran Big Board habitues. While it took 25 years to match the adjusted 1929 high of 43 and the stock dropped back to 33 in 1957, it has almost doubled in the past four

ars and now sells a few points off alltime peak of 66.

Growth in sales and profits has en more moderate. But ND hopes international efforts plus more ried domestic fare will provide ne extra pep beyond reliance on pulation & prosperity growth.

One growth cooker is National iry's centralized R&D division ich is soon to be quartered in a w multi-million dollar lab at enview, Ill. New foods are con- ntly being added to the product es of the Kraft, Sealtest (includ- Breyers ice cream), Breakstone d Sugar Creek Creamery divi- ns.

For well over a year ND and ier large dairy food purveyors tched with interest but without blic reaction the sensational suc- s of Mead Johnson's Metrecal d its host of imitators (IR, Octo- 12).

Last Fall the dairy industry nped on the liquid diet wagon. At end of November National Dairy ought out its Sealtest 900 Calorie et, a chocolate or vanilla flavored uid high protein weight control oduct—just four weeks after a nilar debut by Borden but a week ead of Beatrice Foods and Fore- ost Dairies. Kraft also remains dy to serve those calorie-con- ous consumers who prefer to nib- on salad diets with special Kraft ad dressings which are "short in ories" but "tall in flavor."

The 1959 annual report was the st to consolidate ND results on global basis. They showed for the st time world-wide volume at a

ND employe sorts Kraft caramels

hefty \$1.6 billion for 1959, a 4% gain over 1958. Earnings grew twice as fast to \$49,400,000 or \$3.51 a share from \$3.27 the year before. Nine-month sales for 1960 ran 4% ahead of the same 1959 period while earnings edged up to \$2.66 a share from \$2.62. For all of 1960 sales were "well above" 1959 while profits showed "a comfortable" gain. Chairman Stewart notes: "We are aware of some of the problems in the economy, but the favorable trend in our sales throughout 1960 leads us to expect good business in 1961."

Tidyness at Pillsbury

MINNEAPOLIS miller Pillsbury Company is one of a number of well-known outfits which have branched into another field after several generations of single-mindedness. It made its first non-food acquisition last Summer — Tidy House Products of Shenendoah,

Iowa for 33,000 Pillsbury common shares.

Tidy House sells about $6,000,000 a year of bleaches, detergents and low calorie sweeteners in 18 Central states. Pillsbury's president Paul S Gerot states: "We do expect to broaden this line of products and expand some part of the present line into national distribution."

This breach with tradition comes after a 90-year career for Pillsbury as one of the nation's leading flour producers. Within the grain field however it started to diversify its product mix 20 years ago. More than half its sales now come from prepared mixes for consumers, bakers and institutions, formula & mill feeds and soybean products.

Acquisition Score

Two major external diversification moves within the grain field were the acquisitions of Ballard & Ballard of Louisville in 1951 and the Duff Baking Mix division of American Home Products in 1952. After many years of dispute, the FTC just before last Christmas ruled Pillsbury would have to get rid of the two acquisitions. The order will be appealed but in any case, Paul Gerot notes, "the assets represent at the present time only about 5% of our total capital."

In order to maintain its share of highly coveted supermarket shelf space Pillsbury "research expenditures have been increased to more adequately support both nearby and long-range programs for the development of new products." One result has been to extend the product range outside "our traditional wheat flour base." Last Summer Pillsbury acquired a potato processing facility in Grand Forks, ND to produce instant mashed, hash brown and scalloped potatoes.

Pillsbury hopes its interest in convenience foods and new specialties like Tidy House will improve on its volatile flour-based results which have often resulted in less-than-satisfying earnings. In the year ended May 1960 for instance sales rose to $373,800,000 but profits took a 20% dive from the alltime high of $3.80 a share recorded in 1958/59. Factors included: 1) price weaknesses in the formula feed, soy processing and commodity merchandising industries; 2) higher outlays for marketing of consumer products; 3) lower margins and by-product recoveries from bakery flour sales and 4) month-long strikes at two major plants. However the $136,700,000-assets company's more favorable product mix upped sales in the six months ended November 1% to $183,000,000 while earnings rose 13% to $1.72.

About full year results president Gerot hedges: "Although it is difficult to predict accurately conditions in the food industry during the second half of the fiscal year, present information would indicate that our year-end results will show improvement over those of fiscal 1960."

Since Pillsbury split its shares in January 1959, the market for its 2,100,000 Big Board traded shares has continued to rise. The PSY (Pillsbury's ticker symbol) common currently trades around the 1960-61 peak of 47½.

;igger Foot Forward at International Shoe

Largest Shoe Manufacturer Builds Retailing And Steps Up Research

PRESIDENT Henry Hale Rand of $200,000,000-assets International oe tends to agree with his kid-ntered TV jingle, "Half the fun of ving feet is Red Goose Shoes." tually Henry Rand also has fun ing men's, women's and children's et with some 30 other brands of oes including Florsheim and City ub (men), Hanan (men & women) d Gems (teenagers). And he uses nty of other jingles to sell them.

International, the biggest shoe nufacturer in the land with 8% total output, is also one of the st to advertise on TV. And "be-use of results," notes Henry Rand, e intend to do more of it." Cur-ntly, he reports, a large amount of company's $9,000,000 advertis-g budget is spent on TV.

In step with modern advertising the company's integrated manufac-ring operation. In the year ended ovember 30 it produced 48,200,-0 pairs of shoes in the US. This is 5% below the output of 1959. In-rnational shoes are made in 47 mestic, nine Canadian, three erto Rican and one Australian ant. In addition to making shoes e company manufactures its n upper leather, sole leather, rub-r heels & soles, cotton cloth lin-gs, chemicals, cement, and leather lting.

The company distributes most of shoes through 30,000 indepen-nt retailers. It also makes private label foot wear for big chains like J C Penney and City Products-acquired Butler Bros (IR, January 4) or for any small mail order houses or chains which desire them. It also distributes through its own stores.

International first became a retailer in 1950 when it set up Shoenterprise Corp. President Rand explains: "At that time we had little experience with retail operations but hit upon a plan which would enable us to move into the field gradually." Through Shoenterprise, International financed the establishment of "desirable retail outlets in localities where company distribution was inadequate."

At the start Shoenterprise was simply a loan operation. But once the company definitely decided on a retail operation, "it financed a controlling interest or bought out an ownership position."

Retail Role

Currently International has a 60-to-100% interest in some 800 retail outlets. Except for Florsheim, they do not operate under International brand names but retain the established local name. Henry Rand notes: "Wherever possible we help our retailers with advice, capital or any other backing required to make their operation more profitable." He emphasizes: "Retail is an area of continuing development at International. The shoe industry provides an essential everyday product which demands wide distribution and special customer service."

The shoe business comes naturally

to 52-year-old Henry Rand who virtually grew up with International. In 1911 Henry's father Frank Rand was influential in the merging of Roberts Johnson & Rand and Henry W Peters Shoe Company to form International. International started as the largest shoe manufacturer and never lost the title. But it is just a toe's length ahead of St Louis neighbor Brown Shoe which did a $295,800,000 volume last year.

After graduating from Vanderbilt in 1929 young Henry joined International as a laborer in upper leather. Two months later the market crashed. International common dropped from 77 to 20 (a 75% fall compared with the 90% collapse of the Dow-Jones average) but the company retained its industry leadership and Henry learned about how to maintain the shoe business in a depression. From laborer he moved on to office worker, merchandiser, production man. He notes: "I ran into every phase of the business—practically everything you can think of, even merchandising of women's shoes." In 1945 Henry became a director and three years later vp of merchandising and production. In 1955 he moved up to president.

Like most businessmen Henry Rand found 1960 did not quite live up to his high-stepping expectations. Even so, sales rose from $283,000,000 in 1959 (itself a record) to a new high of around $296,000,000. But he had hoped to hit $300,000,000.

Profits reached a recent high in 1956 when they hit $11,800,000 or $3.53 a share (33¢ nonrecurring). They dropped off to $2.86 in 1957 and $2.25 in 1958 before recovering to $9,210,000 or $2.71 in 1959. Last year they also dipped slightly to $2.61.

Eventually Henry Rand hopes to return to the rich days of 1954-56 when the company netted over $10,000,000 each year. He notes a happy combination of circumstances helped

International worker molds rubber soles

vide this prosperity: "Our good nings in those years were partly result of a favorable leather mar- high production schedules and ve all the acquisitions of Flor- im and Savage."

nternational bought Florsheim e Company for $20,800,000 in 3. The acquisition widened its uil operation (an additional 85 es while International had about of its own at the time) and led higher-priced men's shoes. In with the International pattern, Florsheim division now conducts ensive advertising and is expand- in suburban shopping centers. Florsheim division also stepped oad last September when it bought 1% interest in Australian men's emaker H Perry & Company Ltd. avage Shoes Ltd of Preston, On- o was bought in 1954 and made ernational the largest Canadian emaker. In the last six years this sidiary has shown "impressive wth" and the future "looks ght."

nternational has one further ven- e beyond the States. In 1958 it uired Caribe Shoe Corp with two nts making low-priced shoes in erto Rico. Subsequently one more nt was added on the island. Presi- nt Rand states: "This subsidiary h a capacity of 7,200 pairs of es daily is profitable. It makes ldren's shoes and men's hand- vn shoes for marketing mostly the US."

President Rand sees "no further pansion of manufacturing over- s except possibly in the Common rket countries." Back at home, "we've got sufficient capacity now, especially with the expanded Puerto Rican plants and the new Savage Canadian plant." Savage took over women's shoemaker Medcalf of St Thomas, Ontario last July.

In the US external growth presents a potential anti-trust problem. "Without Government approval we can't acquire anything. Like everyone else we're awaiting the outcome of the Brown Shoe case."

An Important Ruling

Brown Shoe was tentatively allowed to merge G R Kinney in 1956 over Justice Department objections but in 1959 the Federal District Court ruled Brown must dispose of the Kinney business after all. The ruling, which has obvious importance for other large shoemakers, has been appealed to the Supreme Court.

Of course nothing precludes additional internal growth. Henry Rand expects to continue to expand retail operations: "Capital expenditures for retail growth for 1961 will be $3-to-4,000,000."

He also banks heavily on International's growth through research & development. Vice president & treasurer Bob Monnig chimes in: "When Henry gambles—and he does play poker—he's always good at it."

International research is placing strong emphasis on ways of cutting production time and on labor saving devices and new materials. President Rand comments: "We are primarily engaged in making leather shoes—you know we are not in the rubber shoe end of the business at all—and feel it will be a long time before a suitable replacement for upper

leather is found. However we are actively investigating several new materials."

One of these is polyurethane. Henry Rand feels "once polyurethane is cheap enough it may replace rubber soles." Perhaps the most interesting new shoe material is a suede-like nylon material called Nybuc used to make wash-and-wear sport shoes.

Other research steps at International include longer-lasting lifts for ladies as well as an "immortal sole" of synthetic rubber plus a strengthening chemical. And like competitors Endicott Johnson and Genesco, International has a scuff-resistant tanning process for longer shoe wear. Henry Rand is particularly interested in a polyurethane finish which makes patent leather crack-resistant. At present the process is still under study and president Rand cautions: "We are still trying to bring the price down."

With the shoe business strongly dependent on fashion, Henry Rand is the first to admit he knows almost nothing about style trends. But he aptly adds: "The triple needle toe is still with us and it looks as though it's here to stay. Even our men's lines are getting slimmer by the day." Slim styles or not, Henry Rand reveals: "In the last ten years Americans' feet have grown a width wider and a size bigger."

More importantly, he continues: "Although the Italian narrow toe has markedly affected our styles, foreign imports have little effect on International sales." The biggest import impact is on rubber shoes and slippers. The only area affected at International has been low-priced children's sandals. President Rand explains: "Because of the diverse range of sizes of American shoes, imports have not been competitive in the middle-price range."

Walk For New Year

This does not guarantee a smooth walk for International and its US colleagues in the new year. President Rand feels "it will be a little difficult meeting the $148,000,000 sales of the first half of 1960. In fact our first half may be down a bit from a year ago."

Around 33 on the Big Board International's 3,395,000 common shares are also down a bit from last year's high of 38. But the stock has seen little movement in years, has remained within a 41-to-32 range since 1957. But president Rand has a parting optimistic note for consumers: "Wage increases and material cost decreases are a standoff, enabling us to hold prices in the Spring lines identical with Fall styles."

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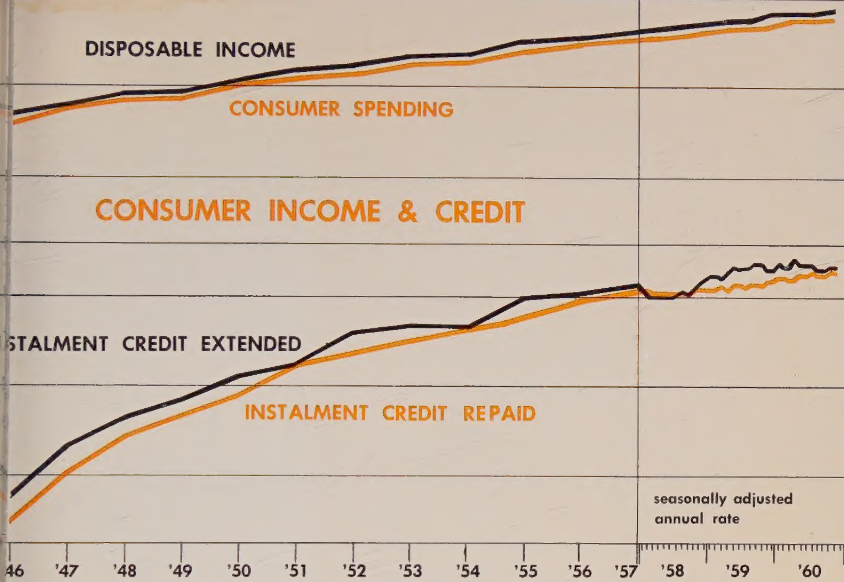

Here, on a log scale which gives equal weight to equal percentage anges, are shown some of the key factors which will hold the answer to osperity or recession. The top line is Disposable Personal Income (i e, after Government has taken its cut) which has climbed about 125% in the post-r era to an estimated $360 billion annual rate by the end of last year. Con-ner Spending (second line) has risen just about as fast to roughly $330 bil-n. The difference, or area between the lines, represents "personal saving."

The two lower lines trace the national propensity to live on the cuff. At last port Americans took out $50 billion in new instalment loans a year or six es the 1946 rate while existing contracts are being paid off at a $47 bil-n annual pace. Significantly, only 4.2% of consumer income went to repay talment loans in 1946 and 10% in 1950 but now it requires 13.2% to pease the instalment collectors.

Despite the business slowdown of the past half year, consumer income naged to creep higher, though at a reduced rate. But consumers followed ditional recession behavior and, though spending held up fairly well, ped their rate of saving from 6.6% of disposable income in late 1959 to % by the third 1960 quarter. The "saving" trend (which also means more bt repayment, less borrowing) shows in the instalment figures. Since last ril's peak, new borrowings have dropped by $4 billion (annual rate) while ayments have continued to rise. With cars, appliances and hundreds of er goods & services now mostly bought on time, manufacturers and retail- naturally hope for resurgence of instalment buying to help dispel the ession. But even in a growing economy, consumers cannot indefinitely pand their borrowings by $6 billion a year (as they did in 1959) and occa-nal retrenchment is needed to provide a sound base for future purchases.

$ & ¢

Where do the slang terms for money come from—shekels, simoleons, spondulics, and the rest?

Webster says shekels were the weight and money units of the early Babylonians, Phoenicians, and Hebrews. The origins of simoleons and spondulics seem to be shrouded in mystery. Bucks and bits, moola and dough—the list could go on and on.

Most of us are understandably more interested in where money itself comes from than in where its nicknames originated. Well, primarily money comes from money, of course. It is both seed and harvest.

If you have some surplus cash that you'd like to plant in the hope of a good harvest, may we suggest that you first read our booklet called "How to Invest in Stocks and Bonds"? We'll send it, free of charge, if you'll send us your name and address. It will tell you a good deal about sowing money. The reaping is up to you.

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